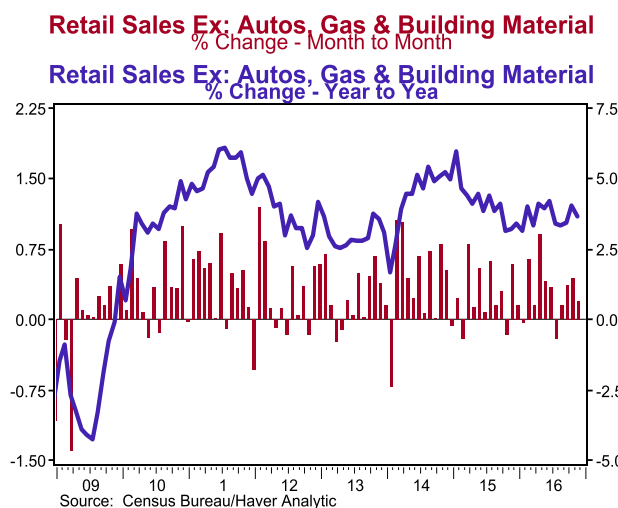
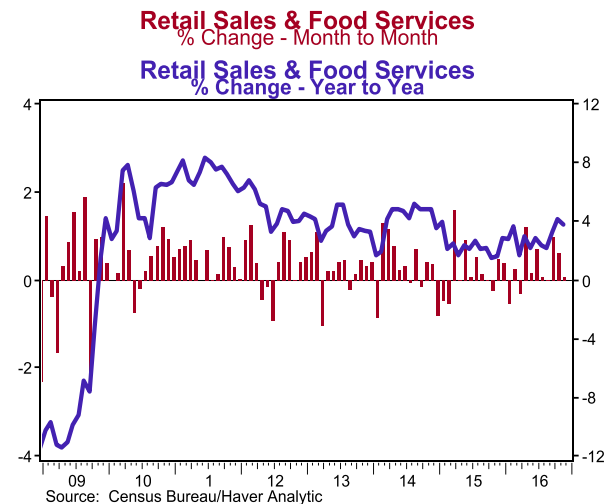


November Retail Sales

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- Retail sales rose 0.1% in November, lagging the consensus expected 0.3%. Including revisions to prior months, retail sales declined 0.1%. Retail sales are up 3.8% versus a year ago.
- Sales excluding autos rose 0.2% in November, also lagging the consensus expected 0.4%. These sales are up 3.9% in the past year. Excluding both autos and gas, sales are up 3.8% versus a year ago.
- The increase in sales in November was led by restaurants & bars and food & beverage stores. The largest decline was for autos.
- Sales excluding autos, building materials, and gas rose 0.2% in November. If unchanged in December, these sales will be up at a 3.7% annual rate in Q4 versus the Q3 average.

Implications: After robust gains the past couple months, retail sales grew at a more Plow Horse pace in November. However, nothing in today’s sales report should stop the Fed from raising short-term interest rates by a quarter-point later today. Retail sales rose 0.1% in November following gains of 0.6% and 1.0% in October and September. In the past year retail sales are up a solid 3.8% but have been accelerating, up at a 5.1% annual rate in the past six months and at a 7.0% rate in the past three months. The biggest gain in November came from restaurants & bars. Outside of this sector, the small gains were broad-based, with nine of thirteen major categories showing growth in October. Sales at gas stations rose 0.3% in November and are now up 4% from a year ago. “Core” sales, which exclude autos, building materials, and gas, rose 0.2% in November and are up 3.7% from a year ago. Look for continued growth in consumer spending in the months ahead. Employment continues to expand, while wage growth is accelerating and consumer debt service obligations remain very low by historical standards. In the meantime, today’s data suggest real GDP growth for the third quarter will be unrevised at a 3.2% annual rate. For the fourth quarter, we are tracking real GDP growth of around 2%. Watch for faster economic growth in 2017, however, as the overall policy mix from the government shifts in favor of faster growth.



Retail Sales <i>All Data Seasonally Adjusted</i>	Nov-16	Oct-16	Sep-16	3-mo % Ch. <i>annualized</i>	6-mo % Ch. <i>annualized</i>	Yr to Yr <i>% Change</i>
Retail Sales and Food Services	0.1%	0.6%	1.0%	7.0%	5.1%	3.8%
Ex Autos	0.2%	0.6%	0.8%	6.8%	4.1%	3.9%
Ex Autos and Building Materials	0.2%	0.7%	0.7%	6.4%	3.5%	3.7%
Ex Autos, Building Materials and Gasoline	0.2%	0.5%	0.4%	4.2%	2.7%	3.7%
Autos	-0.5%	0.5%	1.9%	7.8%	9.0%	3.3%
Building Materials	0.3%	0.3%	1.5%	8.8%	10.4%	4.3%
Gasoline	0.3%	2.5%	3.6%	28.6%	10.3%	4.0%

Source: Bureau of Census